



# Financial Results for Fiscal 2022

Bridgestone Corporation

February 16, 2023

Global CFO and Executive Director, G Finance

Naoki Hishinuma

**BRIDGESTONE**  
*Solutions for your journey*

1. Business and Financial Performance for Fiscal 2022	...	3
2. Consolidated Projections for Fiscal 2023	...	14
3. Shareholder Returns	...	20

# 1. Business and Financial Performance for Fiscal 2022

# Consolidated Financial Results for Fiscal 2022

(Yen in billions)

	2021 Results	9 months	vs. PY (%)	4Q	vs. PY (%)	2022 Results	vs. PY (%)
Revenue	3,246.1	2,976.9	+28	1,133.1	+22	4,110.1	+27
Adjusted Operating Profit	394.3	342.2	+19	140.4	+33	482.6	+22
Margin	12.1%	11.5%	(1.0)pp	12.4%	+1.0pp	11.7%	(0.4)pp
Profit Attributable to Owners of Parent	394.0	188.7	(55)	111.6	-	300.4	(24)
- Continuing Operations	307.9	217.2	+6	88.3	(15)	305.5	(1)
- Discontinued Operations	86.2	(28.4)	-	23.3	-	(5.1)	-
ROIC	9.0%					9.4%	+0.4pp
ROE	12.9%					10.9%	(2.0)pp

(\*) Note that revenue, adjusted operating profit, ROIC and ROE show figures for continuing operations and exclude revenue and expenses of the discontinued operations.

# Overview of the Performance for Fiscal 2022

## Business and Financial Highlights

- Revenue exceeded JPY 4 trillion for the first time by further strengthening the focus on the resilient premium areas and the strategic price management, thanks in part to the weak yen while the recession in Europe became apparent and the uncertainty about the U.S. economy was growing in the second half of the year in addition to the various management risks that occurred in the first half of the year such as the suspension of domestic production in Russia and tire exports to Russia, the lockdowns in China, and a cyber incident at a subsidiary in Americas.
- Achieved a year-on-year increase in adjusted operating profit. The favorable impacts of price, mix and volume offset almost all the unfavorable impacts of raw material and other costs inflation such as energy, labor and freight costs. Moreover, “expense and cost structure reformation” including improvement in genba operation at production sites supported profitability and the weak yen also contributed in part to profit growth.
- ROIC improved by 0.4 percentage points year-on-year as a result of ongoing efforts of rebuilding earning power.
- Improved the market share in the premium segment such as PSR-HRD (≥18”) and OR. In addition to flexible supply management based on our global production system, Dan-totsu product competitiveness made a significant contribution.

## Overview of the Performance by Product

<b>PS/LT</b> (for passenger car & light truck)	<ul style="list-style-type: none"><li>● Sales expansion focused on the premium segment; PSR-HRD (≥18”) REP sales for 2022: 110% YoY</li><li>● REP: The market share of premium tires (HRD), for which demand was relatively strong, continued to grow despite a slowdown in demand from 3Q onward.</li><li>● OE: Tire sales turned to year-on-year increase in 3Q due to improved vehicle production conditions at automobile companies and increased year-on-year on a full-year basis.</li></ul>
<b>TB</b> (for truck & bus)	<ul style="list-style-type: none"><li>● REP: Sales in Japan, North America and Europe remained strong, with North America in particular showing a strong increase over 2019.</li><li>● OE: Demand continued to recover from the impact of semiconductor shortages from 2Q onward. Sales were particularly strong in Europe.</li></ul>
<b>OR</b> (for mining & construction)	<ul style="list-style-type: none"><li>● Mining: Sales decline due to suspension of exports to Russia was compensated for in other markets, resulting in an increase in the global market share.</li><li>● Construction: Both REP and OE sales increased. OE sales expanded significantly in line with steady demand growth of infrastructure construction.</li></ul>

# Business Environment Surrounding Bridgestone Group



## Currency Exchange

- Both USD and EUR appreciated against JPY compared with PY  
1USD = ¥132, 1EUR = ¥138 (4Q: 1USD = ¥142, 1EUR = ¥144)  
(Reference) FY21 1USD = ¥110, 1EUR = ¥130



## Raw Material / Energy

- Raw Material: Natural rubber prices fell sharply from 3Q onward. Crude oil prices declined from the peak, but were still well above the previous year's level.
- Energy: Energy costs at plants rose sharply amid high crude oil and natural gas prices.



## Tire Demand (PSR/TBR)

- OE: As production at automobile companies began to recover, demand for tires also showed signs of recovery starting in 3Q.
- Demand for premium segments such as HRD in PSR and premium brands in TBR in North America was relatively solid while the economic slowdown, particularly in the US and Europe, gradually became apparent and demand for tires slowed significantly in 4Q.

## Market trend of natural rubber and crude oil (Average)

	2021				2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Natural Rubber <sup>(*1)</sup> 〈TSR20〉 (¢ /kg)	167	165	166	173	177	165	146	130
Natural Rubber <sup>(*1)</sup> 〈RSS#3〉 (¢ /kg)	234	221	185	193	210	211	163	150
Crude Oil 〈WTI〉 (\$/bbl)	58	66	71	77	95	109	91	83

(\*1) Source: Singapore Commodity Exchange Limited

## Tire Demand (unit base%)

	Estimated by Bridgestone PSR/LTR				TBR			
	OE		REP		OE		REP	
	vs PY	vs 2019	vs PY	vs 2019	vs PY	vs 2019	vs PY	vs 2019
Japan	99%	80%	104%	100%	90%	93%	105%	102%
N.America	109%	88%	96%	99%	110%	95%	115% <sup>(*3)</sup>	141%
Europe	104%	73%	98%	98%	103%	102%	101%	107%
Asia <sup>(*2)</sup>	112%	109%	83%	74%	58%	61%	78%	67%

(\*2) Total of Thailand, Indonesia and China

(\*3) incl. significant growth in tire imports from Asia in addition to USTMA+TRAC (105% vs.PY)

# Tire Sales Growth for Fiscal 2022



## PSR/LTR

	vs PY	vs 2019
Global	101%	91%
<b>OE</b>		
Global	103%	83%
Japan	102%	81%
N. America	104%	82%
Europe	106%	77%
China, Asia-Pacific	97%	82%

## REP

Global	100%	96%
Japan	102%	96%
N. America	100%	96%
Europe	101%	95%
China, Asia-Pacific	95%	84%



## TBR

	vs PY	vs 2019
Global	99%	98%
<b>OE</b>		
Global	104%	93%
Japan	92%	96%
N. America	101%	77%
Europe	114%	110%
China, Asia-Pacific	105%	121%

## REP

Global	98%	100%
Japan	105%	101%
N. America	102%	121%
Europe	102%	102%
China, Asia-Pacific	89%	84%



## ORR

		vs PY	vs 2019
Ultra-Large (REP)		107%	99%
Large		110%	121%
	OE	130%	172%
	REP	103%	106%
Small & Medium		105%	109%
	OE	104%	115%
	REP	105%	105%

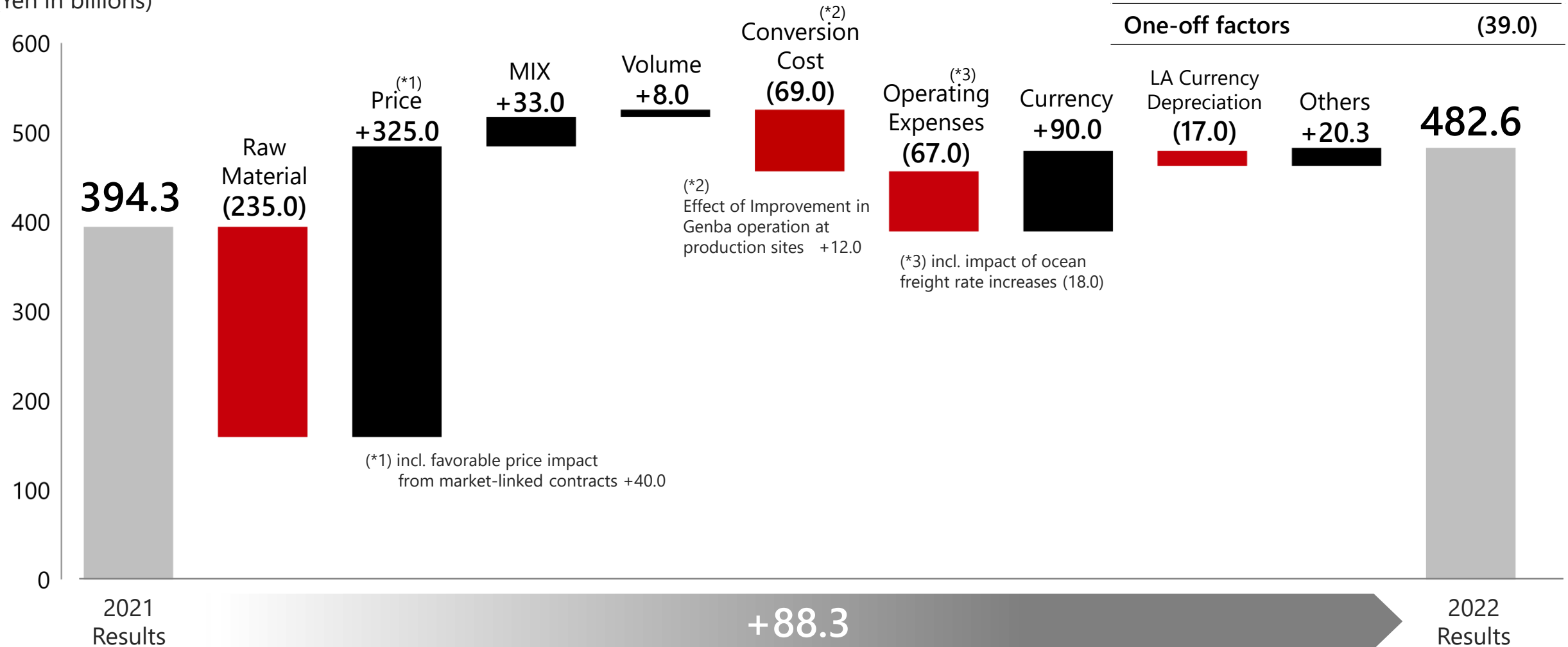


## PSR HRD (≥18'')

Global	108%	115%
REP	110%	137%

# Analysis of Adjusted Operating Profit for Fiscal 2022

(Yen in billions)



Russia: production/export suspension	(8.0)
China: lockdowns	(12.0)
Americas: cyber incident	(19.0)
<b>One-off factors</b>	<b>(39.0)</b>



# Consolidated Financial Results by Segment for Fiscal 2022




(Yen in billions)

		2021 Results	2022 Results	vs. PY (%)
<b>Japan</b>	Revenue	873.0	1,036.3	+19
	Adjusted OP	117.0	140.3	+20
	Margin	13.4%	13.5%	+0.1pp
<b>Americas</b>	Revenue	1,454.6	1,988.0	+37
	Adjusted OP	190.6	251.2	+32
	Margin	13.1%	12.6%	(0.5)pp
<b>Europe, Russia, Middle East, India and Africa</b>	Revenue	693.9	870.0	+25
	Adjusted OP	42.1	66.4	+58
	Margin	6.1%	7.6%	+1.6pp
<b>China, Asia-Pacific</b>	Revenue	386.9	457.0	+18
	Adjusted OP	42.0	39.9	(5)
	Margin	10.9%	8.7%	(2.1)pp
<b>Inter-segment elimination (*) etc.</b>	Revenue	(162.4)	(241.3)	-
	Adjusted OP	2.6	(15.1)	-

(\*) Includes inter-segment eliminations and export gain/loss from Bridgestone Corp. in general tire transactions, eliminations of unrealized profit in inventory etc.

# Consolidated Financial Results by Product for Fiscal 2022 (Tire Business)

(Yen in billions)

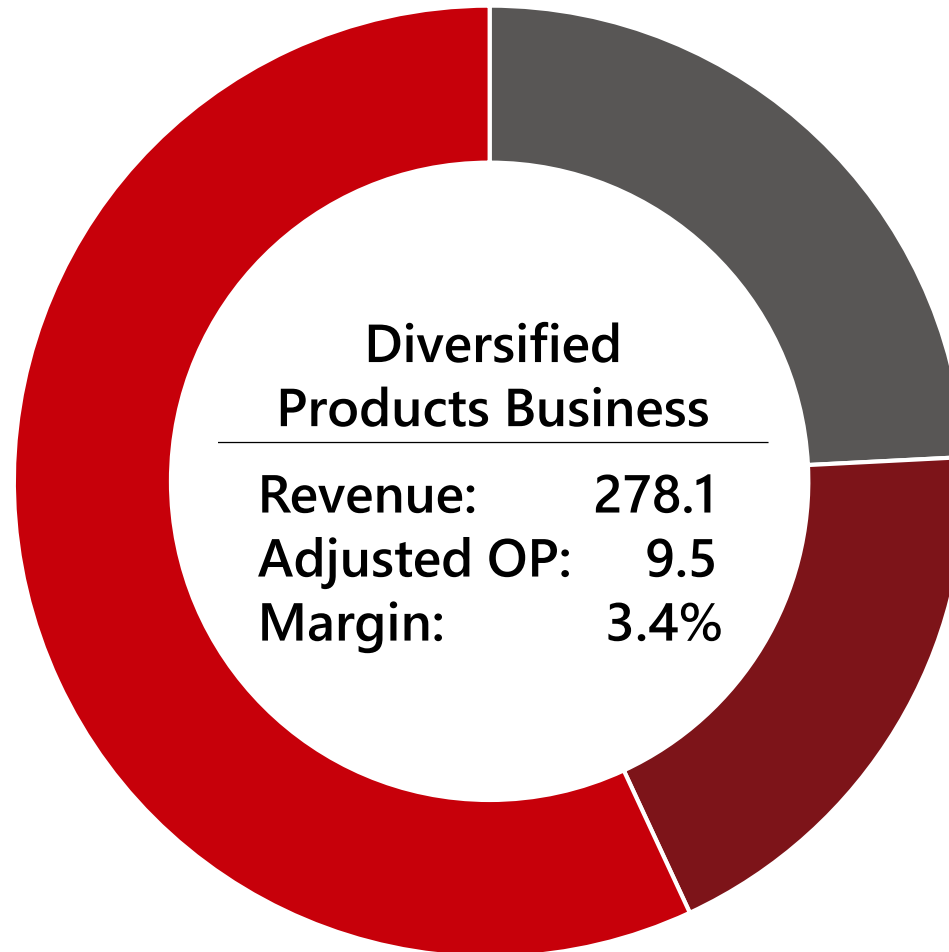
		2021 Results	2022 Results	vs. PY (%)
 <b>PS/LT</b> * incl. retail and credit card business	Revenue	1,735.0	2,232.2	+29
	Adjusted OP	246.6	274.0	+11
	Margin	14.2%	12.3%	(1.9)pp
 <b>TB</b> * incl. retread business	Revenue	814.0	1,034.5	+27
	Adjusted OP	88.0	105.8	+20
	Margin	10.8%	10.2%	(0.6)pp
 <b>Specialties (OR/AC/AG/MC)</b>	Revenue	392.9	546.0	+39
	Adjusted OP	77.7	127.8	+64
	Margin	19.8%	23.4%	+3.6pp
Diversified Products Business, Internal Manufacturing Business, Unrealized Profit in Inventory etc.	Revenue	304.2	297.3	(2)
	Adjusted OP	(17.9)	(25.0)	-

# Consolidated Financial Results by Business for Fiscal 2022 (Diversified Products Business – Continuing Operations)

(Yen in billions)

## Chemical & Industrial Products Biz

Revenue:	156.0
Adjusted OP:	6.8
Margin:	4.4%



## Diversified Products Business

Revenue:	278.1
Adjusted OP:	9.5
Margin:	3.4%

## Sports / Cycle Biz

Revenue:	66.3
Adjusted OP:	(0.0)
Margin:	(0.0)%

## Diversified Products Biz in Americas (Air Springs)

Revenue:	51.8
Adjusted OP:	1.9
Margin:	3.7%

(\*) In accordance with the decisions of business transfer, the Company has classified its anti-vibration rubber business and chemical products solutions business as discontinued operations. Accordingly, revenue and adjusted operating profit show figures for continuing operations and exclude revenue and expenses of the businesses.

# B/S and C/F Highlights for Fiscal 2022

(Yen in billions)

	2021 Results (as of Dec 31, 2021)	2022 Results (as of Dec 31, 2022)	vs. Dec 31, 2021
Total Assets	4,574.9	<b>4,961.8</b>	+386.9
Total Equity	2,675.4	<b>3,012.5</b>	+337.1
Equity Ratio (%)	57.5%	<b>59.8%</b>	+2.3pp
Interest-Bearing Debt (Net)	23.6	<b>248.3</b>	+224.7
Exchange rate	USD/JPY	¥115	+ ¥18
at the end of reporting period	EUR/JPY	¥131	+ ¥10
	2021 Results	2022 Results	vs. PY
Cash Flows from Operating Activities	281.5	<b>268.5</b>	(13.1)
Cash Flows from Investing Activities	131.7	<b>(338.0)</b>	(469.7)
Free Cash Flow	413.2	<b>(69.5)</b>	(482.8)
Capital Expenditure	262.0	<b>317.1</b>	+55.2
Depreciation and Amortization	245.9	<b>282.1</b>	+36.2

# Adjustment Items and Loss from Discontinued Operations for Fiscal 2022

2022 Result

(Yen in billions)

Revenue	4,110.1
Adjusted Operating Profit	482.6
Adjustment Items	41.3
Operating Profit	441.3
Profit before Income Taxes	423.5
Profit from Continuing Operations (*)	305.5
Loss from Discontinued Operations (*)	(5.1)
Profit Attributable to Owners of Parent	300.4

(\*) Profit(Loss) Attributable to Owners of Parent

## 1) Adjustment Items

(Yen in billions)

<b>Adjustment Items</b>	<b>41.3</b>	Main Items
Losses related to Russian business	18.4	Impairment losses and loss on revaluation of inventories
Recall Expenses of Bridgestone Cycle Corporation	16.4	
Others	6.5	

## 2) Loss from Discontinued Operations

- In accordance with the decisions of business transfer, the Company has classified its US building materials business, anti-vibration rubber business, and chemical products solutions business as discontinued operations.
- Accordingly, the Company recorded loss from discontinued operations of 5.1 B.JPY, a total of 1) and 2) below:
  - 1) Loss on business transfers
  - 2) Loss from the operation of the businesses for fiscal 2022

## 2. Consolidated Projections for Fiscal 2023

# Consolidated Projections for Fiscal 2023

(Yen in billions)

	2022 Results	2023 Projections	vs. PY (%)
Revenue	4,110.1	4,150.0	+1
Adjusted Operating Profit	482.6	510.0	+6
Margin	11.7%	12.3%	+ 0.5pp
Profit Attributable to Owners of Parent	300.4	335.0	+12
- Continuing Operations	305.5	340.0	+11
- Discontinued Operations	(5.1)	(5.0)	-
ROIC	9.4%	10.5%	+1.1pp
ROE	10.9%	11.4%	+0.5pp
Dividend per Share	¥175	¥200	

(\*) Note that revenue, adjusted operating profit, ROIC and ROE show figures for continuing operations and exclude revenue and expenses of the discontinued operations.

# Business Environment Assumptions for Fiscal 2023



## Currency Exchange

- Assumptions : 1USD = ¥123, 1EUR = ¥133



## Raw Material / Energy

- Raw materials: Both natural rubber and crude oil are expected to rise from the levels of 2H 2022. Cost increase is expected due to the inflation such as energy and labor costs at suppliers.
- Energy: Factory energy costs are expected to continue to rise in 2023.



## Tire Demand (PSR/TBR)

- OE: Demand is expected to recover as the semiconductor shortage situation improves.
- REP: Although there are differences by region, a solid recovery is expected globally from 2Q onwards. Premium tire demand is expected to remain relatively strong.

### Currency Exchange Rate Assumptions

	2022	2023
USD/JPY	132	123
EUR/JPY	138	133

### Tire Demand Assumptions (unit base%)

Estimated by Bridgestone

	PSR/LTR		TBR	
	OE	REP	OE	REP
Japan	116%	101%	130%	99%
N.America	105%	102%	103%	89% <sup>(*2)</sup>
Europe	108%	95%	107%	94%
Asia <sup>(*1)</sup>	100%	114%	116%	124%

(\*1) Total of Thailand, Indonesia and China

(\*2) incl. demand decline due to normalization of tire imports from Asia, which increased significantly in 2022



# Tire Sales Growth Projections for Fiscal 2023



## PSR/LTR

	vs. PY
Global	101~105%
<b>OE</b>	
Global	101~105%
Japan	106~110%
N. America	111~115%
Europe	106~110%
China, Asia-Pacific	100%
<b>REP</b>	
Global	101~105%
Japan	101~105%
N. America	101~105%
Europe	95~99%
China, Asia-Pacific	111~115%



## TBR

	vs. PY
Global	106~110%
<b>OE</b>	
Global	106~110%
Japan	121~125%
N. America	106~110%
Europe	111~115%
China, Asia-Pacific	101~105%
<b>REP</b>	
Global	106~110%
Japan	85~89%
N. America	111~115%
Europe	100%
China, Asia-Pacific	116~120%



## ORR

	vs. PY	
Ultra-Large (REP)	101~105%	
Large	106~110%	
	OE	106~110%
	REP	106~110%
Small & Medium	101~105%	
	OE	101~105%
	REP	106~110%

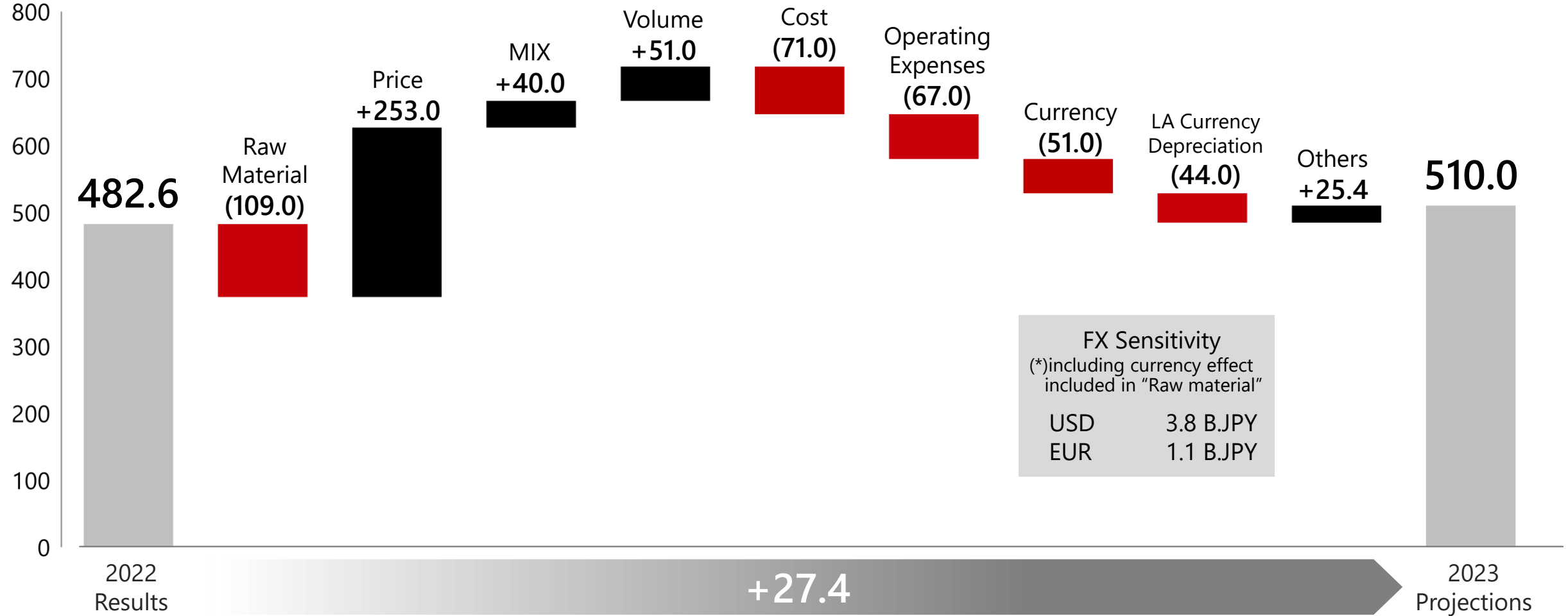


## PSR HRD (≥18")

Global	111~115%
REP	111~115%

# Analysis of Adjusted Operating Profit for Fiscal 2023

(Yen in billions)



# Consolidated Projections by Segment for Fiscal 2023

(Yen in billions)

		2022 Results	2023 Projections	vs. PY (%)
<b>Japan</b> <sup>(*)</sup>	Revenue	1,157.1	1,275.0	+10
	Adjusted OP	150.6	160.0	+6
	Margin	13.0%	12.5%	(0.5)pp
<b>Americas</b>	Revenue	1,988.0	2,010.0	+1
	Adjusted OP	251.2	270.0	+7
	Margin	12.6%	13.4%	+0.8pp
<b>Europe, Russia, Middle East, India and Africa</b>	Revenue	870.0	875.0	+1
	Adjusted OP	66.4	50.0	(25)
	Margin	7.6%	5.7%	(1.9)pp
<b>China, Asia-Pacific</b>	Revenue	457.0	485.0	+6
	Adjusted OP	39.9	49.0	+23
	Margin	8.7%	10.1%	+1.4pp

(\*) Effective from 2023, export gain/loss from Bridgestone Corp. in general tire transactions is reclassified from "inter-segment" to "Japan segment".  
Note that 2022 results are approximate values based on the calculation method, and may change as a result of the accounting audits.

### 3. Shareholder Returns

# Shareholder Returns

## Basic Policy for the Appropriation of Profits

- Regarding the interests of shareholders as an important management priority, the Company follows a basic policy of strengthening our management base in preparation for future business developments while working to improve business results.
- In regard to distributing profits to shareholders, the Company conducts shareholder returns while maintaining an appropriate financial position and securing the internal reserves necessary to rebuild earning power mainly in our core businesses and for strategic growth investments to expand our solutions business, one of our growth businesses.
- In determining dividend payments, the Company comprehensively evaluates factors including business results, financial positions for the relevant fiscal period, medium-term earnings forecasts, investment plans, and cash flows. Based on these considerations, the Company strives to live up to the expectations of shareholders by striving to achieve continuous increases of dividend payment amount through a stable consolidated payout ratio of 40% by sustainably enhancing our corporate value.

## Revision of Year End Dividend for Fiscal 2022 and Dividend Forecast for Fiscal 2023

- For the fiscal year ended December 31, 2022, the Company plans to increase a year-end cash dividend of ¥90 per share, an increase of ¥5 per share in accordance with the policy. As a result, total cash dividend is planned to be ¥175 per share including an interim cash dividend of ¥85 per share.
- The Company plans to submit a proposal to the 104th Annual Shareholders' Meeting to be held on March 28, 2023 to approve a year-end cash dividend of ¥90 per share, an increase of ¥5 per share.
- For fiscal 2023, the Company plans to pay a cash dividend of ¥200 per share, comprising a year-end cash dividend of ¥100 per share and an interim cash dividend of ¥100 per share.

	2022 Forecast (Feb 16, 2022 announcement)	2022	2023 Forecast
2nd Quarter End	¥85	¥85	¥100
Year End	¥85	¥90	¥100
Total	¥170	¥175	¥200



Statements made in this presentation with respect to Bridgestone's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Bridgestone. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "may" or "might" and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Bridgestone cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Bridgestone to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Bridgestone disclaims any such obligation.